

**Amendment No. 6 to SB3135**

**Jackson  
Signature of Sponsor**

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill No. 3135**

**House Bill No. 3116\***

by adding the following sections and renumbering the bill as amended accordingly:

SECTION 1. Tennessee Code Annotated, Section 67-4-2007(a), is amended by deleting the language "six percent (6%)" and by substituting instead "six and three-quarters percent (6.75%)".

SECTION 2. Tennessee Code Annotated, Section 67-4-1004, is amended by deleting the language "six and one-half (6 ½) mills" in subsection (a) and by substituting instead the language "twenty-one and one-half (21½) mills".

Tennessee Code Annotated, Section 67-4-1004, is further amended by adding the following new subsection:

(c) Any wholesale dealers, jobbers, tobacco distributors, and retail dealers having cigarette tax stamps, affixed and unaffixed, in their possession on July 1, 2002, shall not be required to pay the additional cigarette tax resulting from the increase in tax rate from six and one-half (6 ½) mills to twenty-one and one-half (21½) mills on cigarettes to which such stamps in their possession are or shall be affixed.

SECTION 3. Tennessee Code Annotated, Section 67-4-1005, is amended by deleting the language "six percent (6%)" and by substituting instead the language "ten and eight-tenths percent (10.8%)".

SECTION 4. Tennessee Code Annotated, Section 57-3-302(a), is amended by deleting the language "one dollar and ten cents (\$1.10)" and by substituting instead the language "one dollar and ninety-eight cents (\$1.98)".

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SECTION 5. Tennessee Code Annotated, Section 57-3-302(b) is amended by deleting the language "four dollars (\$4.00)" and by substituting instead the language "seven dollars and twenty cents (\$7.20)".

SECTION 6. Tennessee Code Annotated, Section 57-5-201(a), is amended by deleting the language "three dollars and ninety cents (\$3.90)" and by substituting instead the language "seven dollars and two cents (\$7.02)".

SECTION 7. Tennessee Code Annotated, Section 57-6-104(c)(5), is amended by inserting the language "or the state privilege tax levied in Tennessee Code Annotated, Section 57-5-201" immediately following the words "excise tax" in the first sentence.

SECTION 8. Tennessee Code Annotated, Section 67-6-202(a), is amended by deleting the language "at the rate of six percent (6%) of" and by substituting instead the language "on" and by adding at the end of the subsection the language "The tax shall be levied at the rate of six percent (6%); provided, however, effective July 1, 2002, the local option sales tax provided for in title 67, chapter 6, part 7, shall be two and three-quarters percent (2.75%) statewide. In those jurisdictions in which on June 1, 2002, the rate of the local option sales tax in effect or operative under title 67, chapter 6, part 7, was less than two and three-quarters percent (2.75%), the difference between two and three-quarters percent (2.75%) and the local rate in effect or operative on June 1, 2002, applied to the first one thousand six hundred dollars (\$1,600) of the sale or use of any single article of personal property shall be a state tax and those funds in excess of the local rate in effect or operative on June 1, 2002, shall be deposited in the state general fund. The tax levied at the rate of two and three-quarters percent (2.75%) on the amount in excess of one thousand six hundred (\$1,600) on the sale or use of any single

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article of personal property shall be a state tax and those funds shall be deposited in the state general fund.

SECTION 9. Tennessee Code Annotated, Section 67-6-203, is amended by deleting the language "six percent (6%)" in subsection (a) and by substituting instead the language "the tax levied on the sale of tangible personal property at retail by the provisions of § 67-6-202".

SECTION 10. Tennessee Code Annotated, Section 67-6-204, is amended by deleting the language "six percent (6%)" wherever it appears in subsections (a) and (c) and by substituting instead the language "the tax levied on the sale of tangible personal property at retail by the provisions of § 67-6-202".

SECTION 11. Tennessee Code Annotated, Section 67-6-205, is amended by deleting the language "six percent (6%)" in subsection (a) and by substituting instead the language "the tax levied on the sale of tangible personal property at retail by the provisions of § 67-6-202".

SECTION 12. Tennessee Code Annotated, Section 67-6-702(a), is amended by deleting from subdivision (1) the language "; provided that the tax levied shall apply only to the first one thousand six hundred dollars (\$1,600) on the sale or use of any single article of personal property".

SECTION 13. Tennessee Code Annotated, Section 67-6-702, is amended by adding the following as a new subsection (h):

(h) In any jurisdiction in which the local rate in effect or operative under title 67, chapter 6, part 7, is less than two and three-quarters percent (2.75%) on June 1, 2002, the rate shall be two and three-quarters percent (2.75%) with the difference between the local rate in effect or operative under title 67, chapter 6, part 7, on June 1, 2002, and two

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and three-quarters percent (2.75%) applied to the first one thousand six hundred dollars (\$1,600) of the sale or use of any single article of personal property being a state tax pursuant to Section 67-6-202 and remitted to the state for deposit in the state general fund as provided for in title 67, chapter 6, part 5 and § 67-6-103. The tax levied at the rate of two and three-quarters percent (2.75%) of the sale or use of an article in excess of one thousand six hundred dollars (\$1,600) is a state tax pursuant to Section 67-6-202 and shall be remitted to the state for deposit in the state general fund as provided for in title 67, chapter 6, part 5 and § 67-1-103.

SECTION 14. Notwithstanding the provisions of Sections 8, 9, 10, 11, 12, and 13 of this act to the contrary, sales to or use by a contractor, subcontractor, or material vendor of tangible personal property, including rentals thereof and labor or services performed in the fabrication, manufacture, delivery, or installation of such tangible personal property when such property is sold or used solely in performance of a lump sum or unit price construction contract entered into prior to June 15, 2002, or awarded by the state or a political subdivision pursuant to a bid opening which occurred prior to June 15, 2002, shall be subject to tax at the state rate of six percent (6%) plus the local option sales tax rate in effect on June 1, 2002, in the county or municipality in which the property is sold or used. In addition, sales to or use by a subcontractor of tangible personal property, including rentals thereof and labor or services performed in the fabrication, manufacture, delivery, or installation of such tangible personal property when such property is sold or used solely in performance of a written subcontract entered into prior to September 1, 2002, if such subcontract is made pursuant to a general contract qualifying for the reduced rate of tax as set out above, shall be subject to tax at the rate of six percent (6%) plus

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the local option sales tax rate in effect on June 1, 2002, in the county or municipality in which the property is sold or used. Any vendor making such sales to any such contractor or subcontractor shall collect tax at the rate set in Sections 8, 9, 10, 11, 12, and 13 of this act during the time that such rate is in effect. Any such contractor or subcontractor paying the rate set in Sections 8, 9, 10, 11, 12, and 13 may then file a claim with the commissioner of revenue for a refund of any such tax paid to any of the contractor's vendors at a rate in excess of six percent (6%) plus the local option sales tax rate in effect on June 1, 2002, in the county or municipality in which the property is sold or used. For purposes of this subsection the term "lump sum or unit price construction contract" means a written contract for the construction of improvements to real property under which the amount payable to the contractor, subcontractor or material vendor is fixed without regard to the costs incurred in the performance of the contract. The provisions of this paragraph shall not be construed to increase the rate of tax imposed pursuant to the provisions of Tennessee Code Annotated, Section 67-6-206.

SECTION 15. Tennessee Code Annotated, Section 67-4-506, is amended by deleting the section in its entirety.

SECTION 16. Tennessee Code Annotated, Section 67-6-102(24), is amended by adding the following language as a new subdivision (I):

(I) "Retail sale" or "sale at retail" includes sales by which merchandise is sold or delivered to the user through the use of a vending machine.

SECTION 17. Tennessee Code Annotated, Section 55-4-113(a), is amended by deleting subdivision (6)(A) in its entirety and by substituting instead the following:

(6)

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(A) Freight trailers, semi-trailers, and pole trailers used primarily for hauling freight and trailers used in the furtherance of a business, any trailer not required to be registered but which the owner desires to be registered, shall be registered and, in addition to the tax herein prescribed for trucks and truck tractors, there shall be imposed on vehicles so classified an annual registration tax of one hundred dollars (\$100);

SECTION 18. The commissioner of revenue is authorized to promulgate rules in accordance with the provisions of Tennessee Code Annotated, Title 4, Chapter 5, to implement and administer the provisions of this act. This authority should be interpreted broadly to enable the commissioner to give effect to the legislative intent. Such rules, to the extent deemed necessary by the commissioner for timely implementation of this act, shall include public necessity and emergency rules.

SECTION 19. Section 1 shall take effect on July 1, 2002, and shall apply to tax years beginning on or after that date, the public welfare requiring it and shall be repealed on June 30, 2003, at which time Section 67-4-2007(a) shall be revived as it existed immediately prior to the date on which this act becomes law, the public welfare requiring it.

SECTION 20. Sections 2 through 7 shall take effect on July 1, 2002, the public welfare requiring it.

SECTION 21. Sections 8 through 16 shall take effect on July 1, 2002, the public welfare requiring it and shall be repealed on June 30, 2003, at which time Sections 67-6-202, 67-6-203, 67-6-204, 67-6-205, 67-6-702, 67-4-506, and 67-6-102 shall be revived as they existed immediately prior to the date on which this act becomes law, the public welfare requiring it.

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SECTION 22. Section 17 shall take effect on July 1, 2002, the public welfare requiring it.

SECTION 23. All other provisions of this act shall take effect upon becoming law, the public welfare requiring it.